

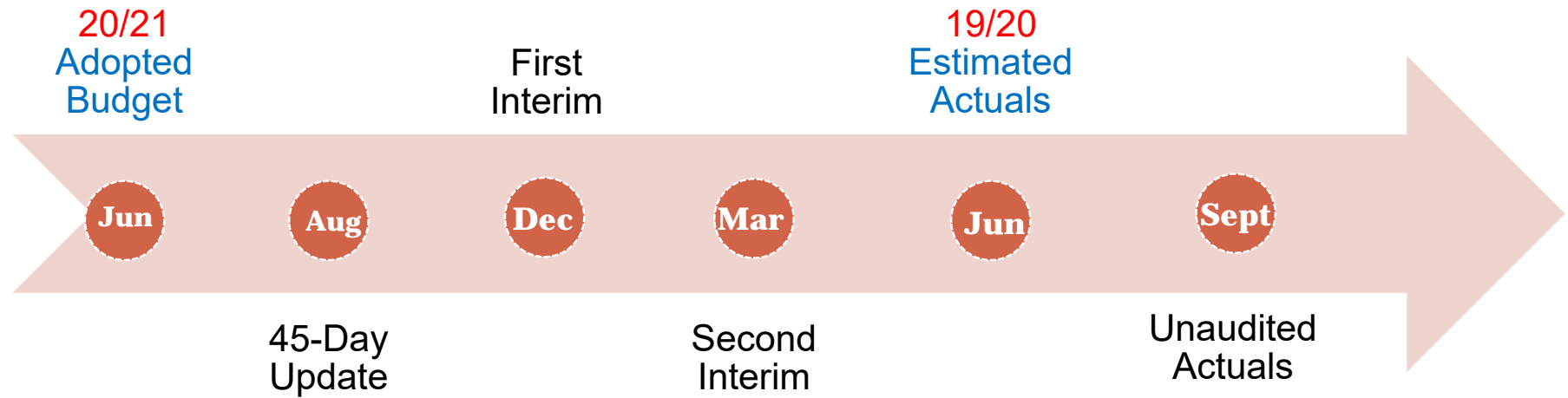
2020/21 Adopted Budget & 2019/20 Estimated Actuals



LAKE SIDE UNION SCHOOL DISTRICT

JUNE 18, 2020

Annual Financial Reporting Schedule



Extraordinary Circumstances – COVID-19 Pandemic



- **19/20 Budget Impacts**
 - Savings – utilities, supplies, substitute costs
 - Increased Costs – technology, PPE, distance learning (Zoom)
 - Revenue adjustments – less donations, State COVID-19 funding (\$84K), large losses in fee-based programs (Cafeteria, Preschool, ESS)
- **20/21 Budget Impacts**
 - State Budget – unknown (tax deadline extended to Jul 15)
 - Reopening Costs – unknown
 - Other – enrollment decline, federal aid

Uncertainty, Recession, Revenues & Expenditures unknown

20/21 – State Budget Pending



- 20/21 Adopted Budget based on Governor's May Revise
- Legislature approved 20/21 State Budget bill (SB 74) on June 15, 2020, despite not reaching final agreement with the Governor
- Governor Newsom has until June 27, 2020 to sign/veto
- LUSD's 20/21 Budget – recommend Governing Board approval on June 25th as is to meet statutory deadlines
 - Revision 45-days after State Budget Act is signed by Governor
 - May require another update in Sept/Oct (July tax receipts, Federal funding)
 - First Interim in December with LCAP – more accurate
 - Monitor funding, get through 20/21 school year, & make adjustments to 21/22 and beyond

20/21 Major Budget Assumptions - Revenues



- Based on Governor's May Revise Budget & local factors
- LCFF – 7.92% reduction over 19/20 (10% overall reduction, loss of 2.31% COLA)
- Federal CARES Act (ESSER) funds - \$497,000
- SELPA equalization funding - \$300,000
- Reduction to ASES – (\$58,000)

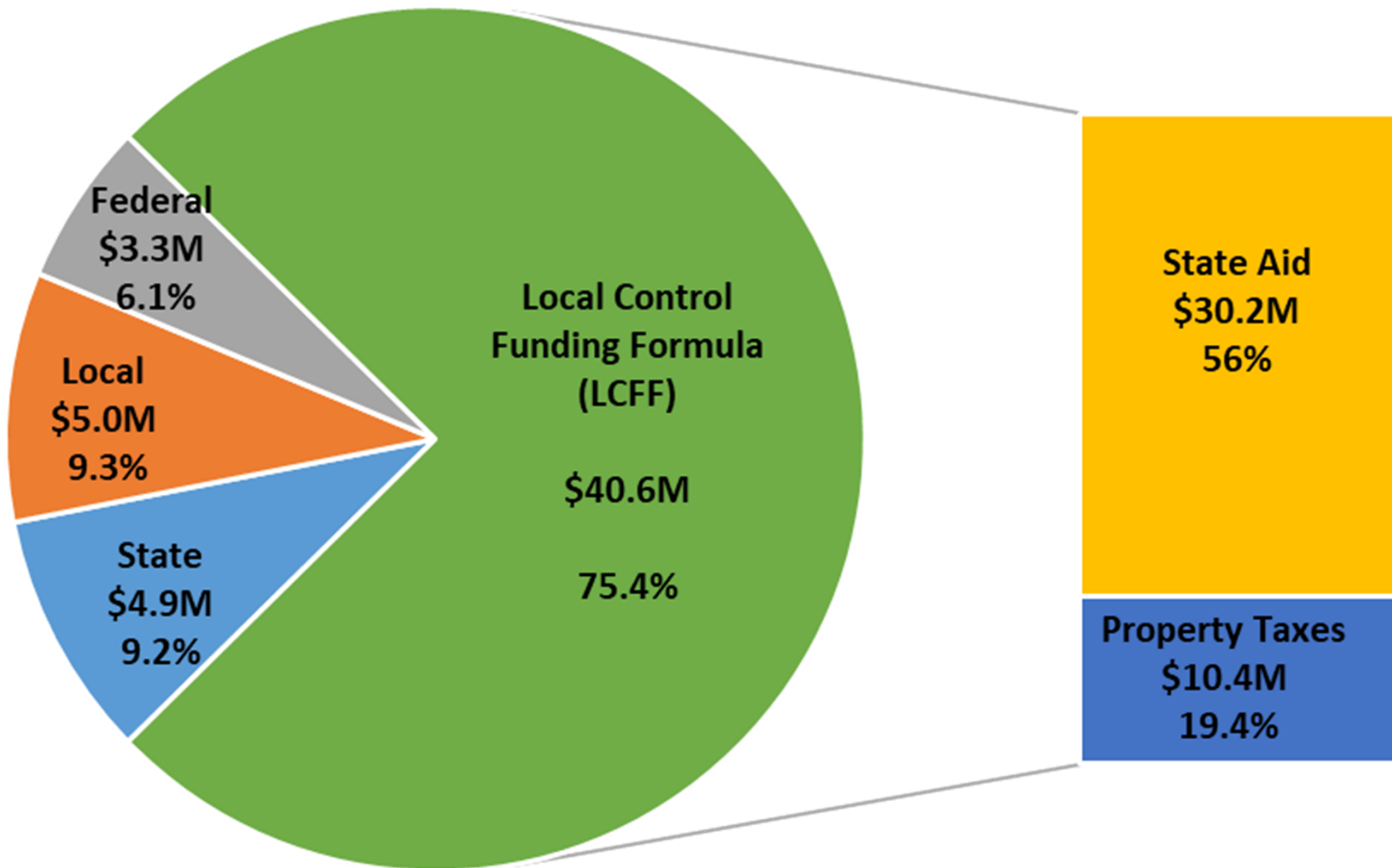
20/21 Major Budget Assumptions - Expenditures



- **Salaries & Benefits**
 - Step/column, longevity
 - Fringe benefits rates updated, PERS/STRS contribution reductions
 - 3.0% health benefits increase
 - 6.0 FTE fewer teachers (declining enrollment), 2.0 FTE fewer TOSA's
- **No salary increases included, 20/21 negotiations pending**
- **Annual cost of Apple iPad leases (4) - \$719,000**
 - \$85K revenue from sell of old devices
 - \$100K ESSER funds
- **\$360K Special Education savings – Two fewer students in RTC**
- **Budget reductions approved by the Board in March 2020**

2020-21 General Fund Revenues

\$53.8M



LCFF Revenue Changes



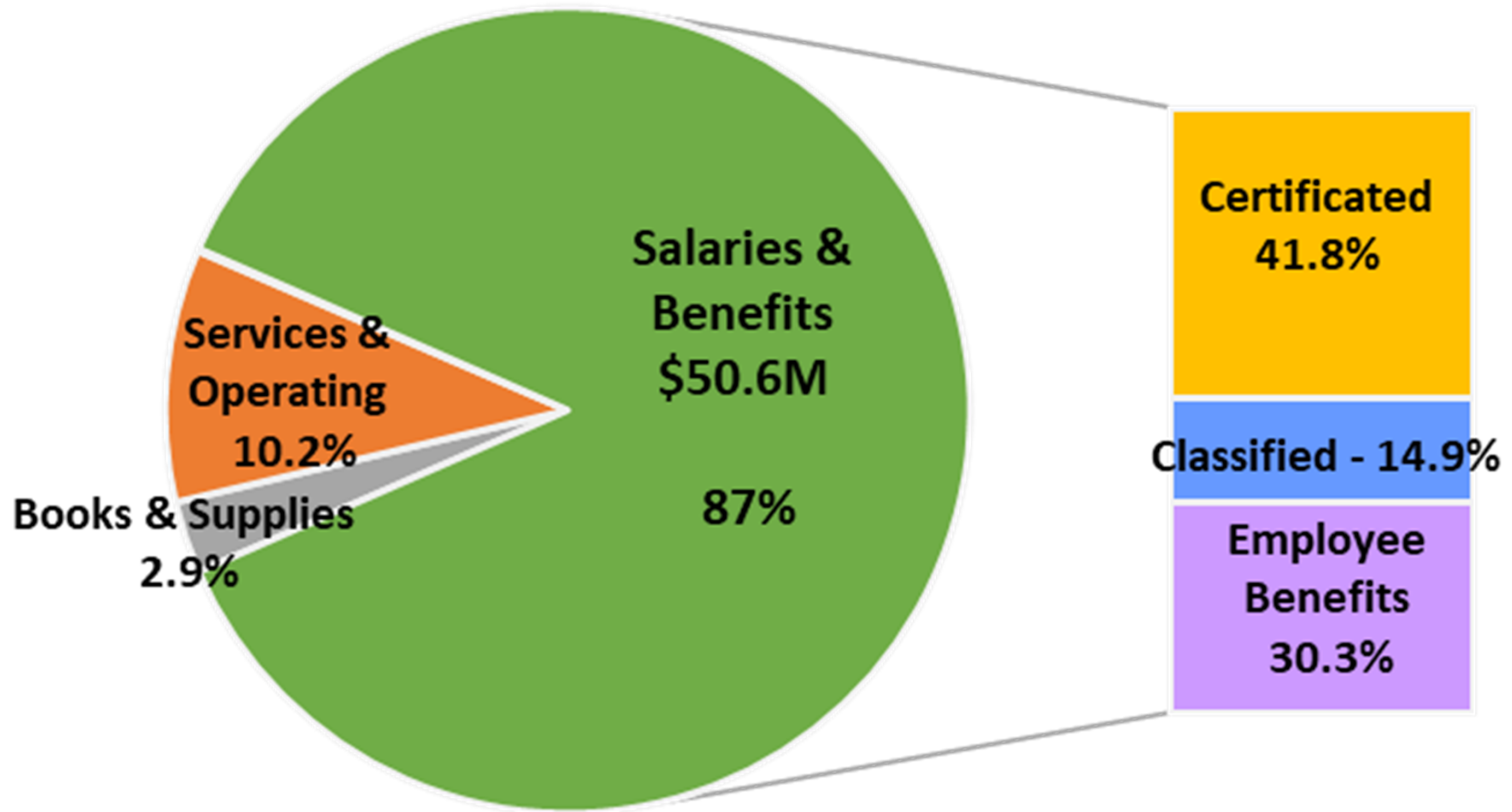
	19/20	20/21	Difference
ADA*	4,868	4,805	(63)
UPP (Suppl grant)	45.69%	45.54%	(0.15%)
COLA	3.26%	-7.92%	(11.26%)
Total LCFF Revenue	\$44,348,630	\$40,288,479	(\$4,060,151)
Per ADA Funding (Base & Suppl)	\$9,110	\$8,384	(\$726)

*19/20: Funding based on 18/19 P-2 ADA due to enrollment decline

*20/21 ADA: Assumes use of 19/20 P-2 ADA

2020-21 General Fund Expenditures

\$58.2 M



20/21 Budget Reductions



Level 1 & Level 2 (Non-staff) Reductions

- \$37,100: Sparkletts water service, food at meetings, non-essential travel (departments only)
- \$200K: NGSS textbook adoption – adopt in middle school only, open source
 - (\$500K reduction in 19/20 budget)
- \$250K: Deferred Maintenance
- \$200K: Contracted services (Conscious Classroom, ABA Behavior Specialist)
- \$200K: *Estimated* reductions to school allocations

Combined Reductions = \$1.4 Million

March 2020 Board Resolution – to Identify Additional Budget Reductions



20/21: \$225,000 (Level 3-Staff reductions)

- Immersion & NGSS TOSA – \$155,200
- Data Specialist (DO) - \$84,400
- Nurse, 0.5 FTE - \$34,096 (did not implement due to COVID-19)

Total staff reductions- **\$239,600**

General Fund Ending Balance & Reserves

19/20 GENERAL FUND	Unrestricted	Restricted	Combined
July 1, Beginning Balance	\$10,335,105	\$887,570	\$11,222,675
Revenues	\$38,971,073	\$20,213,840	\$59,184,913
Expenditures	(\$40,011,126)	(\$20,535,879)	(\$60,547,005)
Surplus/(Deficit)	(\$1,040,053)	(\$322,039)	(\$1,362,092)
June 30, Ending Fund Balance	\$9,295,052	\$565,531	\$9,860,583
Reserve Percentage	14.72%		14.72%
20/21 GENERAL FUND	Unrestricted	Restricted	Combined
July 1, Beginning Balance	\$9,295,052	\$565,531	\$9,860,583
Revenues	\$34,596,426	\$19,269,433	\$53,865,859
Expenditures	(\$39,258,432)	(\$18,971,971)	(\$58,230,403)
Surplus/(Deficit)	(\$4,662,006)	\$297,462	(\$4,364,544)
June 30, Ending Fund Balance	\$4,633,046	\$862,993	\$5,496,039
Reserve Percentage	7.12%		7.12%

Multi-Year Projection Assumptions



- LCFF- ADA of 4,805 in all years – stable as of 19/20 or State waiver
0% COLA rates - 21/22 & 22/23
- Removal of CSI/SUMS/LPSBG grants in 21/22
- Deferred Maintenance - \$100K contribution each year
- Contribution to Cafeteria Fund - \$300K each year
- No salary increases included, pending negotiations
- Health Benefits increase 3% each year
- PERS/STRS District Contribution rates:

	20-21	21-22	22-23
PERS	20.7%	22.84%	25.5%
STRS	16.15%	16.02%	18.1%

Multi-Year Projections



TOTAL GENERAL FUND	2020-21	2021-22	2022-23
July 1, Beginning Balance	\$9,860,584	\$5,496,039	(\$940,015)
Estimated Revenues	\$53,865,859	\$53,340,204	\$53,389,704
Estimated Expenditures	(\$58,230,404)	(\$59,776,259)	(\$61,069,469)
Total Surplus/(Deficit)	(\$4,364,545)	(\$6,436,055)	(\$7,679,765)
Unrestricted Deficit	(\$4,662,007)	(\$6,461,585)	(\$7,702,236)
June 30, Ending Fund Balance	\$5,496,039	(\$940,016)	(\$8,619,780)
Reserve Percentages	7.12%	-3.37%	-16.07%

Board Resolution – to Identify Additional Budget Reductions



Assuming today's projections, additional reductions will be needed to preserve the 3% minimum reserve requirement:

21/22 - \$3.81 Million

22/23 - \$4.03 Million

The Board Resolution will become a supplemental document to the 2020-21 Adopted Budget

Cashflow



- State intends to defer cash payments to schools, beginning in June 2020 (termed “Cash Deferrals”)
- Accounting tool - used effectively in 2007-2012 Great Recession
- 20/21 – cash payments to schools will be deferred in April, May, & June 2021
- Monthly updates of cashflow, constantly monitor
- Assess need to borrow cash next year
 - Interfund borrowing
 - Direct borrowing from San Diego County Treasurer or SDCOE
 - Cross-year Tax & Revenue Anticipation Note (TRAN)

19/20 & 20/21 – Other Funds*



	19-20 Child Development	20-21 Child Development	19-20 Cafeteria	20/21 Cafeteria	20/21 Bond
July 1, Beginning Balance	\$1,229,877	\$620,291	\$622,099	\$325,582	\$9,285,401
Revenues	\$1,848,152	\$2,440,318	\$2,086,581	\$2,018,875	\$166,900
Expenditures	(\$2,457,738)	(\$2,439,375)	(\$2,383,098)	(\$2,388,596)	(\$5,059,971)
Surplus/(Deficit)	(\$609,586)	\$943	(\$296,517)	(\$369,721)	(\$4,893,071)
June 30, Ending Fund Balance	\$620,291	\$621,234	\$325,582	(\$44,139)	\$4,392,330



*LUSD operates nine (9) other funds, in addition to the General Fund

20/21 Budget - Next Steps



- Public Hearing
- Board Adoption on June 25, 2020 with Board Resolution to make reductions in 21/22 & 22/23
- 45-day budget revision after State Budget Act is signed by Governor – August
- Possible additional budget revision in Sept/Oct (July tax receipts, Federal funding)
- Close 19/20 books, Unaudited Actuals – Sept 10
- Budget Advisory Committee will meet throughout next year to give input on budget reductions for 21-22